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Subject: your thoughts on Voca and Z-Market et al

I tried to summarize my thoughts about the portfolio companies in terms of rescue or exit. Although we don't have any real dogs, it is probably fair to say that haven't any clear winners either. To start with the problem cases (and the hindsight)

Netactive

I don't really understand any more where this thing fits. It seems neither a great technology nor a service play. Needless to say that they are in a space where nobody seems to win and/or the attention for customers and analysts has turned away. Given the weak position of competitors this isn't even tradable. No where to go?

Vocaloca

Supposedly great technology without a "home". We lost a tremendous amount of time past year to get this thing at least back into a technology play. I agree with Deepak that by merging this with Slomedia (what a name BTW) we could get some more traction because of better management focus. From a financial point of view though, this seems like a restart with a low(er) valuation to get a new round based on a much better business plan (i.e. technology, management team, track record etc etc). Problem is we have 1 m\$ in debt and that's a bummer even if the new merged company "assumes" this. Since the streaming audio/video space sees some resurrection, it might be that some other VC's will look at again in the spring. How do we make until then even at a 200k/month run rate?

Z-Market

Again, we lost a lot of time and market momentum all throughout 2000. This is a very crowded space now and very little technology(?) or market sector differentiation. From a technology point there isn't enough to attract a bigger company to snatch it. They don't have market momentum either to attract another company. Going it alone is no option. I agree with Deepak that we shouldn't fund anything in the 250-500k range unless they (management) can/ will pool it. There is no exit in sight!!!

Coactive

Although "nice"--i.e. good technology, focussed management, some customer traction-- I am not sure that this sector will call the hearts and minds of a public offering. It seems too bland of a proposition - but I may be wrong. On the other hand we are "spent" and it is just wait and see. Our "involvement" is information gathering so we can answer our investors (sarcastic I know)

Opentable

The obvious: they have a catbird seat in this space and seem to out execute their competition. Not much we add at this point. Again, unclear to me whether this is as big of an idea to capture the minds of the IPO crowd. May be more realistic to sell it to one of the hospitality operators.

SAN Valley

The wild card. We agree that the market sector is "hot" - may be the fad of 2001 as far as investing. But unclear to me where SAN really stands competitively, leave alone the execution issues - CEO, market positioning, customer acquisition. If we could get it to work somehow this seems to have the best potential for any exit strategy albeit IPO or sale.

Happy New Year anyway